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EXECUTIVE OFFICE OF THE PRESIDENT

OFFICE OF MANAGEMENT AND BUDGET

WASHINGTON, D.C. 20503

Executive Registry

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OFFICE OF FEDERAL
PROCUREMENT POLICY

AUG 31 1977

MEMORANDUM FOR HEADS OF DEPARTMENTS AND AGENCIES

Subject: Assignment of lead agency responsibility to General Services Administration for Government-wide study of Small Purchase Procedures and Regulations

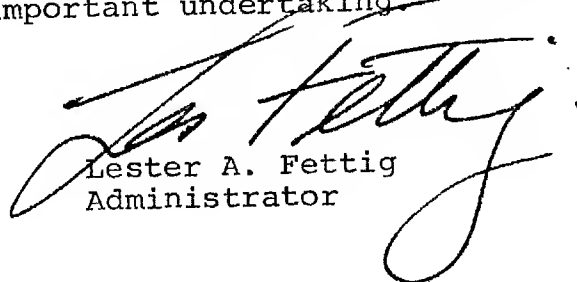
As the new Administrator for Federal Procurement Policy, I have been reviewing Government-wide procurement policy problems. One of the things we can, and must do, is make Government procurement more attractive to small business. Recently in an appearance before the Senate Small Business Committee, I discussed a number of initiatives that would assist small firms -- prompt payment of invoices, raising the threshold of socio-economic programs, and simplifying small purchase procedures. Improving the use of small purchase procedures seems to be a particularly promising and timely undertaking.

Public Law 93-356, enacted in July 1974, raised the small purchase negotiation authority from \$2,500 to \$10,000. This permitted simplified competitive techniques to be used for purchases up to \$10,000. These simplified procedures relieved purchasing offices of the rigid, time-consuming, and costly administrative burdens of formal advertising. Their use was expected to lower prices through increased competition and reduce the time required to make small purchases, thereby producing significant savings for the Government.

Since Public Law 93-356 was passed almost three years ago, we should undertake a study to determine if the potential for increased competition and cost savings has been realized. In this connection, we should also determine what other actions might be taken to increase the effectiveness of small purchases throughout the executive branch.

Mr. Joel W. Solomon, Administrator of General Services has agreed to accept assignment by the Office of Federal Procurement Policy as lead agency to conduct a Government-wide study of small purchase procedures and regulations.

It is requested that the procurement personnel in your department or agency cooperate fully with the General Services Administration effort and lend whatever assistance may be necessary in this important undertaking.



Lester A. Fettig
Administrator

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